

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF POSEYVILLE

POSEY COUNTY, INDIANA

January 1, 2016 to December 31, 2018



FILED
12/17/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Julie C. Mayo	01-01-16 to 12-31-19
President of the Town Council	Bruce C. Baker	01-01-16 to 12-31-19
Superintendent of Water Utility	Jeremy Farrar	01-01-16 to 12-31-19
Superintendent of Wastewater Utility	Jeremy Farrar	01-01-16 to 12-31-19
Superintendent of Gas Utility	Matthew Newton M. Scott Irvine Jeremy Farrar	01-01-16 to 01-10-18 01-11-18 to 07-05-18 07-06-18 to 12-31-19



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF POSEYVILLE, POSEY COUNTY, INDIANA

This report is supplemental to our audit report of the Town of Poseyville (Town), for the period from January 1, 2016 to December 31, 2018. It has been provided as a separate report so that the reader may easily identify any Audit Results and Comments that pertain to the Town. It should be read in conjunction with our Financial Statements Audit Report of the Town, which provides our opinion on the Town's financial statements. This report may be found at www.in.gov/sboa/.

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Audit Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Official Response to the Audit Results and Comments, incorporated within this report, was not verified for accuracy.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

October 28, 2019

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CLERK-TREASURER
TOWN OF POSEYVILLE

CLERK-TREASURER
TOWN OF POSEYVILLE
AUDIT RESULTS AND COMMENTS

CAPITAL ASSETS

Condition and Context

The Town did not properly maintain a complete and detailed listing of capital assets owned. No evidence was presented that indicated a physical inventory had been taken during the audit period.

Criteria

Every unit must have a capital assets policy that details the threshold at which an item is considered a capital asset. Every unit must have a complete detail listing of all capital assets owned which reflects their acquisition value. Capital Asset Ledger (Form 369) has been prescribed for this purpose. A complete physical inventory must be taken at least every two years, unless more stringent requirements exist, to verify account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

CERTIFICATION ON INTERNAL CONTROL STANDARDS

Condition and Context

The Clerk-Treasurer improperly certified on the Indiana Gateway for Government Units financial reporting system that all personnel defined by Indiana Code 5-11-1-27(c) had received training as required during the calendar years 2016, 2017, and 2018.

Context

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

CLERK-TREASURER
TOWN OF POSEYVILLE
AUDIT RESULTS AND COMMENTS
(Continued)

INTERNAL CONTROLS

Condition and Context

There were deficiencies in the internal control system of the Town related to financial transactions and reporting. The Town had not established an effective internal control system that separated incompatible activities regarding receipts.

The Town had not established a system of internal controls or separated incompatible activities related to receipts that would have ensured that receipts were recorded timely and accurately. There was no documentation available to indicate any oversight, review, or approval process over receipts.

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

CLERK-TREASURER
TOWN OF POSEYVILLE
EXIT CONFERENCE

The contents of this report were discussed on October 28, 2019, with Julie C. Mayo, Clerk-Treasurer, and Bruce C. Baker, President of the Town Council.

TOWN COUNCIL
TOWN OF POSEYVILLE

TOWN COUNCIL
TOWN OF POSEYVILLE
AUDIT RESULT AND COMMENT

TRAINING ON INTERNAL CONTROL STANDARDS

Condition and Context

The Town Council had not ensured that personnel received the requisite training on internal control standards.

Criteria

Indiana Code 5-11-1-27(g) states in part:

"After June 30, 2016, the legislative body of a political subdivision shall ensure that: . . .

- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

TOWN COUNCIL
TOWN OF POSEYVILLE
EXIT CONFERENCE

The contents of this report were discussed on October 28, 2019, with Julie C. Mayo, Clerk-Treasurer, and Bruce C. Baker, President of the Town Council.